

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 17-116 and 17-119 as follows:

6 (40 ILCS 5/17-116) (from Ch. 108 1/2, par. 17-116)
7 Sec. 17-116. Service retirement pension.

8 (a) Each teacher having 20 years of service upon
9 attainment of age 55, or who thereafter attains age 55 shall
10 be entitled to a service retirement pension upon or after
11 attainment of age 55; and each teacher in service on or after
12 July 1, 1971, with 5 or more but less than 20 years of
13 service shall be entitled to receive a service retirement
14 pension upon or after attainment of age 62.

15 (b) The service retirement pension for a teacher who
16 retires on or after June 25, 1971, at age 60 or over, shall
17 be calculated as follows:

18 (1) For creditable service earned before July 1,
19 1998 that has not been augmented under Section 17-119.1:
20 1.67% for each of the first 10 years of service; 1.90%
21 for each of the next 10 years of service; 2.10% for each
22 year of service in excess of 20 but not exceeding 30; and
23 2.30% for each year of service in excess of 30, based
24 upon average salary as herein defined.

25 (2) For creditable service earned on or after July
26 1, 1998 by a member who has at least 30 years of
27 creditable service on July 1, 1998 and who does not elect
28 to augment service under Section 17-119.1: 2.3% of
29 average salary for each year of creditable service earned
30 on or after July 1, 1998.

31 (3) For all other creditable service: 2.2% of

1 average salary for each year of creditable service.

2 (c) When computing such service retirement pensions, the
3 following conditions shall apply:

4 1. Average salary shall consist of the average
5 annual rate of salary for the 4 consecutive years of
6 validated service within the last 10 years of service
7 when such average annual rate was highest. In the
8 determination of average salary for retirement allowance
9 purposes, for members who commenced employment after
10 August 31, 1979, that part of the salary for any year
11 shall be excluded which exceeds the annual full-time
12 salary rate for the preceding year by more than 20%. In
13 the case of a member who commenced employment before
14 August 31, 1979 and who receives salary during any year
15 after September 1, 1983 which exceeds the annual full
16 time salary rate for the preceding year by more than 20%,
17 an Employer and other employers of eligible contributors
18 as defined in Section 17-106 shall pay to the Fund an
19 amount equal to the present value of the additional
20 service retirement pension resulting from such excess
21 salary. The present value of the additional service
22 retirement pension shall be computed by the Board on the
23 basis of actuarial tables adopted by the Board. If a
24 member elects to receive a pension from this Fund
25 provided by Section 20-121, his salary under the State
26 Universities Retirement System and the Teachers'
27 Retirement System of the State of Illinois shall be
28 considered in determining such average salary. Amounts
29 paid after the effective date of this amendatory Act of
30 1991 for unused vacation time earned after that effective
31 date shall not under any circumstances be included in the
32 calculation of average salary or the annual rate of
33 salary for the purposes of this Article.

34 2. Proportionate credit shall be given for

1 validated service of less than one year.

2 3. For retirement at age 60 or over the pension
3 shall be payable at the full rate.

4 4. For separation from service below age 60 to a
5 minimum age of 55, the pension shall be discounted at the
6 rate of 1/2 of one per cent for each month that the age
7 of the contributor is less than 60, but a teacher may
8 elect to defer the effective date of pension in order to
9 eliminate or reduce this discount. This discount shall
10 not be applicable to any participant who has at least 34
11 years of service or a retirement pension of at least
12 74.6% of average salary on the date the retirement
13 annuity begins.

14 5. No additional pension shall be granted for
15 service exceeding 45 years. Beginning June 26, 1971 no
16 pension shall exceed the greater of \$1,500 per month or
17 75% of average salary as herein defined.

18 6. Service retirement pensions shall begin on the
19 effective date of resignation, retirement, the day
20 following the close of the payroll period for which
21 service credit was validated, or the time the person
22 resigning or retiring attains age 55, or on a date
23 elected by the teacher, whichever shall be latest.

24 7. A member who is eligible to receive a retirement
25 pension of at least 74.6% of average salary and will
26 attain age 55 on or before December 31 during the year
27 which commences on July 1 shall be deemed to attain age
28 55 on the preceding June 1.

29 8. A member retiring after the effective date of
30 this amendatory Act of 1998 shall receive a pension equal
31 to 75% of average salary if the member is qualified to
32 receive a retirement pension equal to at least 74.6% of
33 average salary under this Article or as proportional
34 annuities under Article 20 of this Code.

1 (d) Notwithstanding the other provisions of this
2 Section, the minimum retirement pension payable to a person
3 with at least 20 years of service credit under this Article
4 who begins receiving a retirement pension (other than a
5 reversionary pension) on or after January 1, 2002 shall be
6 \$1,333.34 per month.

7 (Source: P.A. 90-566, eff. 1-2-98; 90-582, eff. 5-27-98.)

8 (40 ILCS 5/17-119) (from Ch. 108 1/2, par. 17-119)
9 Sec. 17-119. Automatic annual increase in pension.

10 (a) Each teacher retiring on or after September 1, 1959,
11 is entitled to the annual increase in pension, defined
12 herein, while he is receiving a pension from the Fund.

13 1. The term "base pension" means a service
14 retirement or disability retirement pension in the amount
15 fixed and payable at the date of retirement of a teacher.

16 2. The annual increase in pension shall be at the
17 rate of 1 1/2% of base pension. This increase shall
18 first occur in January of the year next following the
19 first anniversary of retirement. At such time the Fund
20 shall pay the pro rata part of the increase for the
21 period from the first anniversary date to the date of the
22 first increase in pension. Beginning January 1, 1972,
23 the rate of annual increase in pension shall be 2% of the
24 base pension. Beginning January 1, 1979, the rate of
25 annual increase in pension shall be 3% of the base
26 pension. Beginning January 1, 1990, all automatic annual
27 increases payable under this Section shall be calculated
28 as a percentage of the total pension payable at the time
29 of the increase, including all increases previously
30 granted under this Article, notwithstanding Section
31 17-157.

32 3. An increase in pension shall be granted only if the
33 retired teacher is age 60 or over. If the teacher attains

1 age 60 after retirement, the increase in pension shall begin
 2 in January of the year following the 61st birthday. At such
 3 time the Fund also shall pay the pro rata part of the
 4 increase from the 61st birthday to the date of first increase
 5 in pension.

6 (b) In addition to other increases which may be provided
 7 by this Section, on January 1, 1981 any teacher who was
 8 receiving a retirement pension on or before January 1, 1971
 9 shall have his retirement pension then being paid increased
 10 \$1 per month for each year of creditable service. On January
 11 1, 1982, any teacher whose retirement pension began on or
 12 before January 1, 1977, shall have his retirement pension
 13 then being paid increased \$1 per month for each year of
 14 creditable service.

15 (c) On January 1, 1987, any teacher whose retirement
 16 pension began on or before January 1, 1977, shall have the
 17 monthly retirement pension increased by an amount equal to 8¢
 18 per year of creditable service times the number of years that
 19 have elapsed since the retirement pension began.

20 (d) On January 1, 2002, every pensioner with at least 20
 21 years of service credit under this Article who is receiving a
 22 retirement pension (other than a reversionary pension) of
 23 less than \$1,333.34 per month shall have the retirement
 24 pension increased to \$1,333.34 on that date, notwithstanding
 25 Section 17-157. The increase under this subsection shall be
 26 included in the calculation of the increases granted on that
 27 date or thereafter under subsection (a) of this Section.

28 (Source: P.A. 90-566, eff. 1-2-98.)

29 Section 90. The State Mandates Act is amended by adding
 30 Section 8.25 as follows:

31 (30 ILCS 805/8.25 new)

32 Sec. 8.25. Exempt mandate. Notwithstanding Sections 6

1 and 8 of this Act, no reimbursement by the State is required
2 for the implementation of any mandate created by this
3 amendatory Act of the 92nd General Assembly.

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.